

(b) Qualification. – The Authority shall not lend money to an applicant or guarantee a loan unless all of the following requirements are met:

- (1) The applicant meets the requirements of G.S. 143B-472.78.
- (2) The loan is to be used to perform an identified contract, of which the majority of funding is provided by a government agency or a combination of government agencies.
- (3) The loan is to be used for working capital or equipment needed to perform the contract, the cost of which can be repaid from contract proceeds, if the Authority has entered into an agreement with the applicant necessary to secure the loan or guaranty.

(c) Terms and Conditions. – The Authority shall set the terms and conditions for loans and for the guarantee of loans. When the Authority lends money from the Small Business Contract Financing Fund, it shall prepare loan documents that include all of the following:

- (1) The rate of interest on the loan, which shall not exceed any applicable statutory limit for a loan of the same type.
- (2) A payment schedule that provides money to the applicant in the amounts and at the times that the applicant needs the money to perform the contract for which the loan is made.
- (3) A requirement that, before each advance of money is released to the applicant, the applicant and the Authority must cosign the request for the money.
- (4) Provisions for repayment of the loan.
- (5) Any other provision the Authority considers necessary to secure the loan, including an assignment of, or a lien on, payment under the contract, if allowable.

(d) Maturity. – A loan made by the Authority shall mature not later than the date the applicant is to receive full payment under the identified contract, unless the Authority determines that a later maturity date is required to fulfill the purposes of this Part.

(e) Diversity. – In selecting applicants for assistance, the Authority must consider the need to serve all geographic and political areas and subdivisions of the State.

(f) Limitation. – The total amount of loan guarantees and loans issued to each recipient during a fiscal year shall not exceed fifteen percent (15%) of the amount of money in the Fund as of the beginning of that fiscal year.

**"§ 143B-472.106. Small Business Surety Bond Fund.**

(a) Creation and Use. – The Small Business Surety Bond Fund is created as a special revenue fund. Revenue in the Fund does not revert at the end of a fiscal year, and interest and other investment income earned by the Fund accrues to the Fund. The Authority shall use the Fund for the purposes of and to pay the expenses of the Authority related to providing bonding assistance.

(b) Content. – The Small Business Surety Bond Fund consists of all of the following revenue:

- (1) Funds appropriated to the Fund by the State.
- (2) Premiums, fees, and any other amounts received by the Authority with respect to bonding assistance provided by the Authority.
- (3) Proceeds designated by the Authority from the sale, lease, or other disposition of property or contracts held or acquired by the Authority.
- (4) Investment income of the Fund.